Wealth Markets and Commerce

Finance - Economics

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With the fundamentals controlling industrial conditions changing so radically from day to day, with new factors coming actively into play and still others looming up ahead, it is not surprising that the stock market should be so inert. If the market had not already been thoroughly liquidated such confusion and uncertainty as now prevail would surely have been accompanied by heavy selling of stocks, for the tendency of speculators and investors always is to play safe when the smallest shadow falls over the business situation. The fact that there is no such selling pressure is to be attributed chiefly to the fact that speculative committments are very small, probably smaller in the aggregate than for many years. Unfortunately no data are available to enable one to make a positive statement one way or the other, but it is the opinion of competent observers that a greater proportion of corporate securities are now owned outright and a smaller proportion held on margin than at any time within the last decade. And, in view of the tremendous readjustment which has already taken place, most investors seem to be content to hold on to the securities in their possession, though they are not inclined to buy more at present. Such a crisis as was threatened last fall is not, therefore, likely to be witnessed again in the near future.

Since the public insists upon holding aloof professional traders must, if they are going to trade at all, exchange counter is between themselves, and it was in transactions of this character that practically all trading consisted last week. Having tested out he bear side without response, speculators, encouraged by pool activities, began to buy. Toward the end of the week they got some action on the constructive side, probably because the market was in an oversold condition. The advance in prices, while moderate in most cases, was general, many more stocks closing the week with gains than sustained losses. Of the 223 issues traded in, 147 advanced, 50 declined and 26 showed no change compared with the prices established a week before. Dealings, however, were at a low ebb, the total turnover reaching only 1,952,500 shares. In the corresponding week last year the total was 2,661,200 shares. Because of the prevailing opinion that a satisfactory basis for compensating the carriers under government ownership will soon be arrived at railroad stocks did better than the other groups. Of the fifty-six issues traded in, forty-one advanced, while only eight declined and seven were unchanged.

The bond market as a whole was quite as strong as the stock market, and investment houses reported a really substantial demand for short term issues. Improvement in securities of fixed return seems to be based partly upon the restriction to be applied to new issues, which will limit the supply. Only one offering of importance was made last week, the City of New York selling $5,000,000 of revenue bills on a basis averaging about 4.52 per cent, which was somewhat lower than the yield on the preceding issue. It is probable that no further offerings of consequence will be put out, either by corporations or municipalities, until the newly appointed committee of advisers to the Federal Reserve Board has laid out rules under which priority is to be given to issues of securities for projects considered essential to the conduct of the war. In any event, no substantial amount of new financing can be expected before the closing of the next Liberty Loan campaign, which probably will not be before the middle of April.

A glance at the daily record of stock transactions is sufficient to show that no one is likely to lose very much by the decision of the Stock Exchange to close on Mondays. Members should be grateful, for there is not enough business to keep more than a fraction of them busy; and both activity and overcoats would be required to keep a broker warm, inside and out, on the heatless floor of the Board.

Foreign Trade Must Be Won and Held by Service

Intelligent Study of Market Requirements Essential to Expansion of Our International Commerce

By George A. Gaston

President Gaston, Williams & Wigmore, Inc.

TO-DAY there is no other subject upon which the American manufacturer can dwell seriously and with more assurance of satisfactory and profitable results ultimately than that of building up and holding foreign trade through sheer service.

No good can come from denying an all too apparent fact, therefore I venture to assert that the average American manufacturer and merchant who obtained distribution of their products in foreign markets prior to the war rendered more inefficient service than their European competitors. This is, at least, the reputation they bear, and the net result of such service has almost invariably proved to be failure in whole or part.

Briefly, the chief cause of such a short sighted policy is to be found in the lack of knowledge of foreign requirements and methods of doing business, and further, because it has been relatively so easy to transact business here at home there has been considerable indifference as to what the foreign customer said or thought. Beyond doubt, there has prevailed to a harmful degree a spirit or attitude of "take it or leave it" so far as the foreign purchaser has been concerned.

The war opened up innumerable avenues of highly profitable trade and awakened the whole country to a realization of its inherent power. Because of the war, together with our unparalleled natural resources, we are at the moment enjoying very great trade advantages, despite the fact that government embargoes are holding shipments down to the minimum. When these embargoes are eventually lifted our exports will increase amazingly, but when peace is declared and world-wide competition again becomes rife, the real test of our abilities, of our efficiency, will come. Our shortcomings will then no longer be tolerated by foreign buyers, and unless we are fully prepared to give wholly satisfactory service we are sure to lose the impetus we have recently gained.

The primary lesson we must learn is that of doing business as nearly as possible in accordance with what the foreign customer desires, and not the way we wish to do it ourselves. It is going to be simply a case of doing as the other fellow wishes, and to do this is not going to require any special effort on our part or impose any hardships on us. Foresight, advance preparation and intelligent persistence will accomplish gratifying results in this direction.

Special Market Requirements

In all foreign countries there are specific market requirements. These must be studied carefully and our goods must be manufactured accordingly.

The marvellous strides made by Germany in winning and holding overseas trade can be attributed largely to her method of finding out what was wanted and then supplying it. The same tactics are to-day employed successfully by Japan.

If a customer wishes his goods packed in kilo or half kilo packages, according to the metric system, we must, so far as his shipments are concerned, abandon our avoirdupois weights and oblige him. This would only require new and inexpensive cartons and labels.

When a customer stipulates that his order must be forwarded in units of limited weight to facilitate his handling it with greater ease upon receipt, his requirements must be met.

If it is specified that goods are to be shipped in bales instead of wooden cases, they should go forward in this manner.

I cite only these few cases merely to illustrate what the foreign buyer considers service. The requirements along other similar lines are far too numerous to mention here.

The only notable example this country can furnish in meeting foreign market requirements is to be found in the methods employed by the great steel industries. They have been the pioneers in this respect. Some years ago they inaugurated the system of sending intelligent and aggressive representatives to the four corners of the earth to study markets. These representatives reported conditions just as they found them. No effort was made to revolutionize the tastes and methods of the countries visited. All that was attempted was to ascertain what was wanted, how wanted and when wanted—and then make arrangements on this side to supply all three. This mode of procedure has done much to put the American manufacturer of steel products in the lead throughout the world to-day.

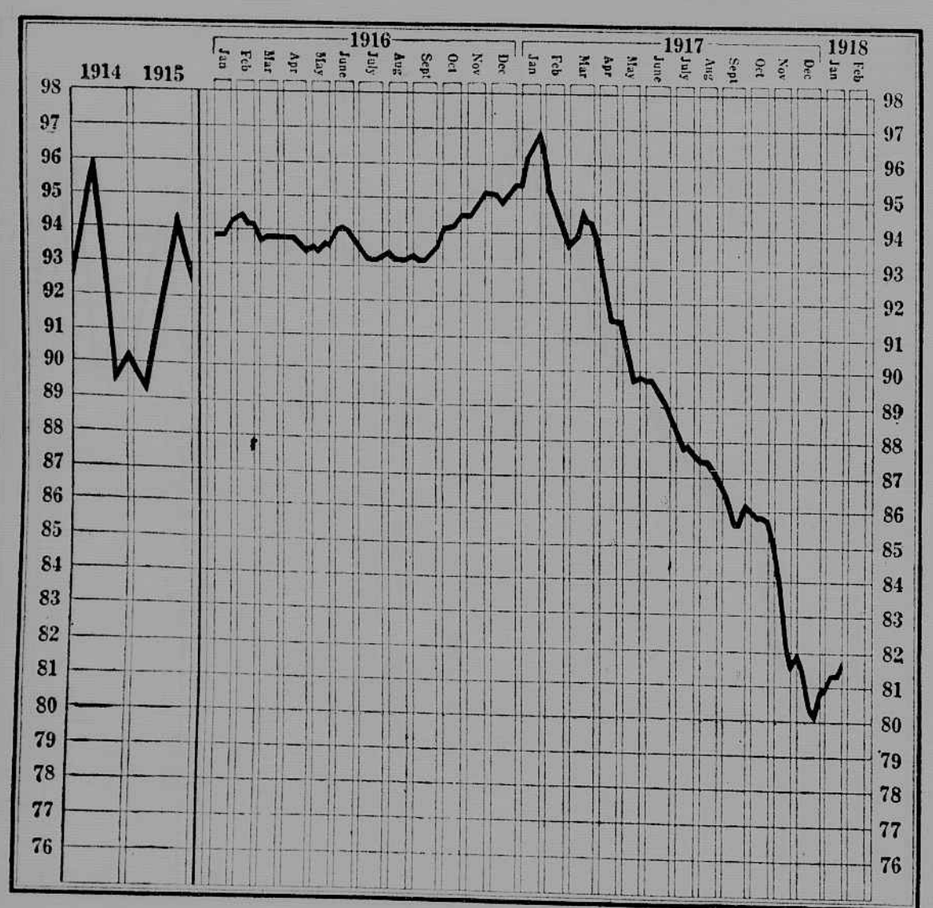
What Will We Do?

No fertile imagination is required to appreciate what wonderful opportunities are at hand for America, and they will become greater once peace is declared. With one possible exception—service—we are lacking absolutely in no requisite. We have practically inexhaustible raw materials and the very kind for which there is a large demand in foreign markets. Manufacturing facilities are abundant and are being increased with almost incredible speed. At no distant date, certainly not later than the conclusion of the war, the one big handicap of the past—that of inadequate shipping facilities—will be removed, and there will then be plenty of American ships to transport American goods to the markets of the world.

There will then be but one thing standing between this country and success—service; finding out what the other fellow wants, how and when he wants it, and then supplying him with it. Doing this will constitute service in its most acceptable form, so far as the foreign buyers are concerned.

To do business abroad is neither difficult, nor are there any more hazardous risks involved than in any ordinary domestic transaction. On the contrary, it is fascinating, reasonably safe and profitable. Those who are of the opinion that foreign trade is a business fraught with almost insurmountable difficulties will do well to investigate its possibilities. And the American manufacturer who is already seeking distribution of his goods abroad will make no mistake in giving this matter of service the most thoughtful consideration. It will pay him to do so.

Course of the Bond Market



This graph shows the high and low points for 1914 and 1915 in the average price of ten very high class bonds, nine railroads and one municipal, and the fluctuations from January, 1916, to date.

Latent Energy of Labor Must Be Developed Quickly to Win War

Experience Abroad Indicates That We Have a Vast Supply of Unutilized Industrial Man Power, and It Can Be Made to Contribute More Than Saving Toward Victory

By Ingalls Kimball

President National Thrift Bond Corporation

WHATEVER question may have arisen as to the best way to win the war, there is no question but that it will take all the time and energy every man, woman and boy in America can give to it. And as making a decision is about the hardest thing most of us have to do, it is a great pity any of our much-needed energy should have to be wasted in deciding how best to use the rest of it.

First we heard "Business as usual." Now, "Save and serve." And there be some who say the line we should all adhere to is "Work and win." "Business as usual" has been pretty generally discarded. Business will not be—cannot be—"as usual." Let us leave the phrase and all that goes with it out of account.

"Save and serve," like many catch phrases, isn't very definite. It sounds well and has a number of meanings. Putting aside its very appropriate use by the food conservation forces (where perhaps "Save and produce" would have been more forceful, if less alliterative), I take it that "Save and serve" means to the average man, as it does to me, "spend less—and buy bonds with the money"; to the economist, it means, I believe, that as the country is faced with the problem of providing a difference between consumption and production measured by some twenty billion dollars, and as this difference has, in the past, never amounted to more than six or seven billions, it is of prime importance that we each consume less so that total domestic consumption may be reduced and the "goods and services" thus freed be put at the disposal of government for war purposes. An added argument is that thus production costs (mainly labor) will be kept down and the cost of the war to the people will be proportionately less.

This is complicated enough as it is without the introduction of further elements as to the "essential" and "non-essential" industries about which so much is being printed.

Need for Saving Should Be Urged

There is no question, I think, as to the economic soundness of the reduction of unnecessary consumption. Nor is it in any sense a mistake to press this fact home not only to individuals of large expenditure, but to corporations and municipalities. Indeed, here a leaf might well be taken from the book of the food administration—and the advice be made concrete and specific rather than indefinite and general.

To individuals whose expenditure is capable of considerable reductions—and to those who control the activities of private and governmental corporations—"save" cannot be said too often, though indeed the tax legislation will do much to enforce saving among those of large incomes.

But "slogans"—catch phrases—are for the mass of the people. This is a war of the people. It is mainly for all the people; it is surely by all the people that it must be decided.

What must be stressed in the appeal to all the people?

Suppose it were possible for every one of us to reduce his consumption—his expenditure—by half. Would that win the war? Leave out of account every other consideration, and ask yourself whether saving alone could win the war—and you must answer no.

Again leaving out of account every other consideration, ask yourself if work alone can win the war, and the answer is work, and only work, will win it.

Just this incomplete but simple *reductio ad absurdum* is enough, it seems to me, to answer the whole question as to which keynote should be struck.

Work and win!

Are Facilities Available?

Let us see whether this is only a phrase, or whether on examination it will be found to contain a reasonable basis for the twenty billions of "difference" we are called on to produce this year.

Have we the materials?

Have we the workers?

Have we the shops?

I think the question of materials may be answered at once in the affirmative. No raw material is lacking to us—if we can find the labor to get it—and the transportation to put it where it is needed.

Now as to workers.

Much dependence may be placed upon labor charts and similar information, but the vast human element not expressible in figures will, in my opinion, have a much more important effect on the total production of this country than the mere numbers indicated. The element of enthusiasm, the element that has pushed this nation forward, the energy of its workers and its thinkers, is just as important as their time.

Two or three years ago Henry Ford announced a minimum scale of wages that manufacturers throughout the country pronounced ridiculous. They imagined he was paying unheard-of wages mainly through purseproud out of boastfulness, which, out of his huge profits, he was perfectly able to afford. After a while the astounding fact began to develop that it cost less to manufacture a Ford car under the new wage scale than it did under the old. In other words, the men produced so much more because they wanted to that the cost of the individual piece was less.

The labor chart will tell you how many men there are employed and how many more or less than last year; it will not tell you the time at their disposal; it cannot measure the energy they are capable of developing—nor willing to develop.

Million Women Working in England

England has well over 5,000,000 men directly engaged in active war service—this out of a total labor supply estimated at 25,000,000. Twenty per cent of the working forces of Great Britain were drawn from her industrial army. Detailed figures for all industries in Great Britain are not available, but there is every indication, even in the face of labor shortage and the shortage of many raw materials, that the total product of British industry is greater than any total ever before produced. Not only this, but she has created and maintained a complete railway system in France.

More than a million women are employed by the Munitions Ministry alone, and while hours of labor have been shortened the wages of women have increased more than 100 per cent since the war began. Even so, the cost of much British war material has fallen far below its earlier levels, because of increased efficiency of manufacture and the liberal rewarding of inventors of labor saving devices.

Much of the result has come from understandings with labor unions, which have removed all limits of production and restrictions as to the closed shop. Longer hours were tried at first, but this was not successful, for fatigue slowed down production. To-day the hours are limited, but every worker is allowed to produce all he can, is paid accordingly, and there is a comfortable agreement that there will be no strikes, which is lived up to.

In France more exact figures of the numbers employed are available, although here again so much of the excess production is in war materials that the total output is not known. But we do know that more than two and one-half times the number of individuals are actually employed in industries to-day than were so employed in August, 1914.

The labor chart takes account of labor already in existence; it takes no account of the great forces of women willing, even anxious, to work; women who have never before had the chance; nor does it count the boys and young men who are coming on.

I think there can be no question that factory capacity—machine capacity—sufficient to very nearly double our present output is in existence and wants only mobilization. I do not mean by this that many factories are idle, even for part time, but if the experience of England is to be accepted as a criterion we may find here many shops containing tools which are used but little, and many others, which, by slight rearrangement, might easily be adopted for war work.

How far production can be increased in this country I hesitate to predict, but the increase of, roughly, 30 per cent in certain farm products that resulted last year from a mere request in an addition of 20 per cent to the railway traffic two years ago; the increase of 30 per cent over the highest previous maximum in the steel trade in less than two years—all these are an indication of what the American people and American energy can do. I daresay the statement can be absolutely disproved, as could a similar statement have been disproved in England three years ago, but I believe if this war goes on for two years the value of our products measured not in terms of inflated currency, but by the index figures of two years ago, will be double the product of that year.

A very great deal of this extra energy—the energy that will double the product of this country—will come from patriotic fervor, but it is a pretty far cry from the battlefields of France to the coal mines of Illinois or the shipyards of the Pacific Coast. A certain romantic fervor may urge on the maker of shells, machine guns or airplanes, and even stimulate him to extra energy because his product is pictorially in his mind a part of the war, but it takes a good deal more imagination than the average farm hand has available to urge him to speed up in order that the corn he is growing may be available to feed the cattle which shall help to feed our allies.

Mr. Vanderlip has said that *things*, not *money*, will win the war. True, but money is the measure of things; money is the language the people understand. Extra hard work, extra speed, extra product, has always translated itself to the worker in terms of dollars and cents. Let us not invent a new language when our meaning can be so clearly conveyed in the old—let dollars and cents speak to the workers now. Speed up, push on, work harder, work faster—all these may be so clearly expressed in money.

Never Was Work So Much Wanted

It is impossible to imagine a world where work is so keenly wanted as work is wanted now, being anything but a good world for the workers. Now, for the first time since most of us can remember, there are more jobs than there are workers. Now is the time when every American laboring man, without hurting his fellows and with the comfortable feeling at heart that he is doing a great service for his country, can earn money enough to put some aside.

I see the great benefit that is coming to this country, the great opportunity for us to become a nation of savers, not only because we want to save for the government, but *because we have something to save.* The American workingman is an extremely intelligent citizen. When some one says to him, "Save money in order to decrease wages; don't compete with your government for your own labor," he is apt to give the same answer that was given in England.

If, on the other hand, you show the American workman that here is a chance to save as he never saved before, that here is his chance, with what he can earn and with what his womenfolk can earn, to own something in the world and to be somebody; when you show him that wages are high and going higher, that work is plentiful and getting more plentiful, that extravagancies are so dear that he gets only part of his money's worth from them, and that saving has been made as profitable and as easy as it is being made to-day, the American workingman will join you.

Worker Will Save Sanely

He will work harder than he ever worked in his life; from the same motive; he will save more, and what he saves he can't consume. He will control his consumption in a healthy way—by cutting down the loose change in his pocket.

The American workingman will never save as the Chinaman saves, for he is a confirmed believer in the truth of the phrase, "Them as has gets." Teach him that this is his chance to get and to have and that he can show a high patriotism in the getting. Let his wife know that now, for the first time, there is to be something left after the bills are paid, to save, and I believe reduced consumption, along with the sale of War Savings Stamps, will follow increased production over the top.

Japanese Bank in Corea

The New York Tribune Foreign Press Bureau

Japan is extending so rapidly her financial influence in Manchuria and Mongolia that she has recently found it necessary to take measures to unify the circulation of currency in those districts in order to regulate the local money market and general trade. With this end in view, the Bank of Chosen (Corea) has been selected as the official representative of Japan, says the Kobe "Herald," and a proclamation to that effect has been issued by the Japanese Finance Department.

According to this proclamation, the bank will transact business connected with the Japanese Treasury funds in Manchuria and will unify the gold note system in Manchuria and Mongolia and control the gold note circulation. In a short time it is hoped to adopt the gold standard in both districts. The Yokohama Specie Bank will continue to issue silver notes in Manchuria.

All Germany Suffers In Composition Shoes

Wooden Soles With Paper and Rag Uppers Make a Poor Foot Covering

The New York Tribune Foreign Press Bureau

The lack of leather in Germany has become so acute that common leather shoes have become a luxury within reach of only those privileged by wealth or rank. For the average German subjects of both sexes the German government has just invented a "uniform shoe" (Einheitschuh). This shoe is made of paper, wood, old rags and scraps of leather and, even in the opinion of the most ardent pan-Germans, is something to which it is impossible to get accustomed.

To get an idea of what the horrible discomforts of the new German substitute for shoes must be, it is sufficient to hear the opinion on this matter of the "Berliner Tageblatt," one of the staunchest supporters of the military clique. It says:

"The new uniform shoe has nothing of the elegance, lightness and beauty of the former plain street shoes. The leather and cloth trimmings of ladies' and gentlemen's shoes are now lacking completely, as are also the leather soles, which have been substituted by other raw materials.

"The new shoe is a crude and clumsy thing, uncouth and very rough, heavy and thick, and will be a source of discomfort and annoyance to unaccustomed feet. The sides are made of impregnated paper; sometimes old military coats and uniforms, remnants of cloth and rags are employed when the military authorities can supply them. The toe caps and the vamps are made of leather.

"The so-called better uniform shoes have their sides trimmed with narrow leather strips. The soles of all shoes are entirely of wood. The so-called vocational shoes for workmen have their wooden soles protected with nails or tacks from being too rapidly used up. These shoes will now cost, according to the size, from 17 to 22 marks ($4.25 to $5.50). (Before the war a good pair of leather shoes could be obtained for 8 to 12 marks.)."

Why Demand for Anthracite Grows

Population of District Consuming It Expanding Rapidly

That the population of the industrial region in the anthracite consuming territory of the United States has during the last seven years increased by almost 5,000,000 inhabitants, or about 15 per cent, is shown in the report of the Provost Marshal General to the Secretary of War on the selective service act, 1917.

The following table shows the population of states in the industrial region of this country where the great bulk of anthracite is consumed, taken at the census of 1910, in comparison with the poulation of these states in 1917, as estimated in the above mentioned report:

	1910.	1917.
Connecticut	1,114,756	1,719,623
Delaware	202,322	234,710
District of Columbia	331,069	346,856
Maine	742,371	646,588
Maryland	1,295,346	1,292,091
Massachusetts	3,693,310	3,939,561
New Hampshire	430,572	403,884
New Jersey	2,537,167	3,255,407
New York	9,113,614	11,187,798
Pennsylvania	7,665,111	8,981,082
Rhode Island	595,986	573,583
Vermont	355,956	296,426
Totals	28,077,580	32,877,609
		28,077,580
Total increase		4,800,029

These statistics clearly demonstrate one of the principal causes of the enormously increased demand for anthracite. A more detailed table would probably show that the greater percentage of the increased population has been drawn into the industrial region since 1914, the influx being due to industrial expansion as the result of the war.

Lack of Locomotives Makes Coal Scarce

The current issue of "The Black Diamond" says that the most important feature in the coal shortage is the lack of locomotives. The need for the engines is so urgent that they are used in spite of the fact that they are seriously in need of repairs. This locomotive shortage affects all parts of the country, and in the South it is the determining factor in the matter of securing fuel supplies, the car supplies at the various mines being far below normal, with no prospect of immediate relief. The one bright spot in the situation is in the Northwest, where the fuel conserved at the docks has proved to be the salvation of that section of the country. While coal is not moving as freely as in former days, there have been comparatively few complaints on account of short supplies.

Colorado, Wyoming and New Mexico are doing splendid work in keeping up their record production and are not much affected by conditions obtaining in the East.

CENTRAL PACIFIC RAILWAY COMPANY
Three and One-Half Per Cent. Mortgage Bonds.

Notice is hereby given that, pursuant to the provisions of Article Nine of the mortgage from this Company to the United States Trust Company of New York, Trustee, dated August 1, 1899, this Company has set apart out of the net income derived by it from the lines of railroad therein mortgaged the sum of Twenty-five thousand dollars in trust to be used to redeem said bonds, and that bonds issued under said mortgage will be redeemed therewith. Bids are hereby invited for the surrender of such bonds at prices to be named by the bidders, to the amount of $25,399.13 in the Sinking Fund.

Such bids should be presented to this Company at its office, 165 Broadway, in the City of New York, on or before the 5th day of February, 1918, at twelve o'clock noon, and should be endorsed "Bids for Surrender of Central Pacific Railway Company Three and One-Half Per Cent. Bonds."

CENTRAL PACIFIC RAILWAY CO.
By WM. F. HERRIN, President.
Dated January 7, 1918.

FINANCIAL MEETINGS

THE ANNUAL MEETING OF THE Shareholders of the Esplanade Realty Company, Inc., will be held at its office, No. 43 Exchange Place, Borough of Manhattan, City of New York, on Monday, February 11, 1918, at 12 o'clock noon, for the election of Directors for the ensuing year and the transaction of such other business as may properly come before the meeting.

L. P. GROVER, Secretary.

Japan's Forestry Resources

Japan, though not as wealthy as the United States or Canada so far as her timber wealth is concerned, stands rather well proportionately. In 1916 the state owned 2,931,859 acres of forest land, the imperial household 526,392 acres, while 3,998,116 acres were privately owned, making a total of 7,456,310 acres. Timber produced a wealth of 65,629,492 yen, bamboo 2,248,041 yen, and by-products 18,059,394 yen. And more than this the chemical products of wood, such as charcoal, calcium acetate, pine black, tan, camphor and camphor oil yielded 25,326,115 yen.—Japanese American Commercial Weekly.